

## **WARNING-UNAPPROVED MINUTES**

*These minutes have not been reviewed or accepted by the RISLA Board of Directors. This draft is being supplied in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.*

The 256<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on **Friday, June 20, 2008** in the 1st floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island. Dr. Anthony Santoro called the meeting to order at 10:46 A.M.

### **Board Members in attendance:**

Dr. Anthony Santoro  
Dr. William Croasdale  
Mr. John Howell  
Dr. Robert McKenna  
Mr. Frank Caprio, General Treasurer

### **Board Members absent:**

Ms. Patti Doyle

### **Others in attendance:**

Mr. Charles P. Kelley, Executive Director, RISLA  
Mr. Joseph Palumbo, Attorney  
Ms. Jennifer Dutch, RISLA  
Mr. Kevan McAleer, RISLA  
Ms. Karen Grande, Attorney  
Mr. David Souto, RISLA  
Ms. Gail Mance-Rios, RIHEAA  
Mr. Xay Khamsyvoravong, Treasurer's Office  
Mr. Peter Kerwin, Treasurer's Office

Dr. Santoro announced to the Board that Noel Simpson's brother John passed away on Monday. He asked that the meeting move on to the Action Items on the agenda first.

### ***Items # 5 and #6:***

#### ***Financing Resolution & Revised Bond Issue Budget***

Dr. Santoro spent about four hours with Mr. Kelley, Mr. Palumbo, Ms. Grande and Lee Donner yesterday going over the current state of bond issues and how that pertains to RISLA. Mr. Donner stated that he is available to anyone if they have any questions. No one knows what will happen with the current market, but it appears that RISLA is in very good shape compared to other agencies. Dr. Santoro stated that the Board needs to pass a resolution about the bond issue addressed two weeks ago at the last Board meeting.

Dr. Santoro stated that the resolution of two weeks ago for the '95 and '96 bonds are identical, just with different trusts. The '95 relies on Dexia and the '96 relies on State Street for financing. Dr. Santoro asked what would happen if Dexia pulls out – would we be able to go to State Street? Mr. Kelley answered that it would go down to \$100 Million only in that case, and we couldn't do any new bonds with them. Mr. Kelley stated that the federal government is putting together a line of credit for agencies around the country, that would be available from May 1, 2008 through June 30, 2009. If these loans were not permanently financed then the government would buy them back. The wrinkle in this would be that there would be a limit on the borrower benefits on these loans, and that the government would not honor

our benefits for loans like the nursing program. The federal register should be out in about two weeks with the final term sheets and conditions.

Mr. Caprio asked if there was a possibility that a deal could be made with local banks. Mr. Kelley stated that Kevan McAleer and Mr. Sheldon have gone out to bid and met with Webster Bank, which has agreed to put together a local consortium to offer us a line of credit, but again, that hinges on the federal government guidelines. This would be just for short term borrowing.

Ms. Grande stated that as a question on substitution of liquidity facilities, that this is a better and more secure route than exchange bonds. Most issuers are going this route, either refunding or conversions. Dr. Santoro stated that we would be doing either one or the other, not both. Ms. Grande stated both RIBEC and the Narragansett Bay Commission have put resolutions into place with two or three options, like RISLA proposes to do now. Mr. Palumbo stated that it is not unusual to have a Board of Directors reconvene because of the state of the world today.

Mr. Howell asked if the borrower benefits would be able to be funded separately so that we could continue to offer them. Mr. Kelley stated that both he and Joe Palumbo will review the Department of Education for a disclaimer, which allows us to be up front with borrowers. Mr. Caprio stated that AMBAC was downgraded yesterday. He also asked Mr. Kelley to keep the PFMB Board apprised of what's going on.

ON MOTION duly made by Dr. Croasdale and seconded by Dr. McKenna, it was unanimously

**VOTED** to approve the substitution of credit facility for student loan program revenue bonds under the 1995 and 1996 trust indentures.

Dr. Santoro stated that *Items #6 and 7* no longer needed to be discussed.

***Items # 3 & 4:***

***Federal Update/Reauthorization & Financing Plan for Federal Loans***

Mr. Kelley stated that the Dexia work could be challenging, as every day is something new. Dr. Santoro stated that if Dexia pulls out, State Street will still have the \$100 million, but the other \$100 million will be gone. Mr. Kelley stated that we would have to try to find a substitute liquidity advisor.

Dr. Croasdale thanked the staffs of both RISLA and the Treasurer's office for all the hard work they have done over the past several months on the bond issues.

ON MOTION duly made by Dr. Croasdale and seconded by Dr. McKenna, it was unanimously

**VOTED** to adjourn.

Adjournment occurred at 11:10A.M.

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John Howell

Secretary